

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** Original  
**POSITION:** Oppose  
**SPONSOR:** Department of General Services

**BILL NUMBER:** AB 2773  
**AUTHOR:** C. Price

### **BILL SUMMARY:** Public Contracts: Small Business Procurement

This bill would: (1) increase the maximum dollar amount for contracts awarded to small businesses and Disabled Veteran Business Enterprises (DVBE) to \$249,999 (less than \$250,000) from the current maximum amounts of \$99,999 for goods, services, and information technology (IT) and \$131,000 for construction; and (2) require contractors to report the actual small business/DVBE participation upon completion of the contract.

### **FISCAL SUMMARY**

Allowing state agencies to contract more easily, and with less review by the Department of General Services (DGS), could result in savings and efficiencies statewide. DGS indicates that last year there were 393 contracts between \$131,000 and \$250,000. If all these contracts were to go to small businesses and DVBEs that are allowed a five percent bid preference, the potential costs to the state could be \$32.9 million annually at least half of which would be General Fund. The potential savings can not be quantified and would not offset the cost increases for goods, services, and information technology acquisitions.

### **COMMENTS**

While this bill would reduce barriers for small businesses and DVBEs to contract with the state, we oppose this bill because of the additional costs that would be imposed on the General Fund at a time when the state is in fiscal crisis.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code	
	LA	(Dollars in Thousands)									
	CO	PROP									
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010			
9990/Var Depts	SO	No	-----	See Fiscal Summary					-----	0001	
9990/Var Depts	SO	No	-----	See Fiscal Summary					-----	0494	
<u>Fund Code</u>	<u>Title</u>										
0001	General Fund										
0494	Other Unallocated Special Funds										

Analyst/Principal (0240) K. Shelton	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)